



2014 Session Budget Overview Amendments to FY 2012-14 Budget Proposed FY 2014-2016 Budget

House Appropriations Committee

January 8, 2014



Economic Assumptions in HB 29/30

- Governor McDonnell's budget proposal is based on Global Insight's November economic outlook
- Growth rates assume continued sluggish growth and uncertainty
- Standard forecast given a 60% probability, with 20% chance given to the recovery stalling, and 20% likelihood that the recovery picks up pace

	FY 2014		FY 2015		FY 2016	
	VA	Nat'l	VA	Nat'l	VA	Nat'l
Employment	1.0%	1.7%	1.5%	1.8%	1.7%	1.8%
Personal Income	2.9%	4.5%	4.3%	5.0%	4.4%	5.0%
Avg Wages/Salaries	1.6%	3.2%	2.5%	5.0%	2.5%	5.1%
Wages/Salaries	2.6%	3.3%	4.0%	3.3%	4.2%	4.6%

- Rather than outperforming the nation, as is the norm for Virginia, growth over the next two years should be substantially lower than that of the U.S.
 - Due to federal spending cuts, and our heavy reliance on federal procurement spending and large defense holdings

FY 2014: Where Do We Stand Year-To-Date?

- Adjusted for the higher than anticipated FY 2013 base, the December revisions to the FY 2014 forecast require a very tepid 1.7% growth rate
 - The economic-based growth rate is 2.7% prior to accounting for tax policy changes adopted by the 2013 General Assembly
- The largest adjustments included in the December revision reduced the assumed collections for our largest sources, which lagged the FY 2013 forecast as well:
 - Growth rate for withholding taxes reduced from 5.4% to 3.3%
 - Sales tax now assumed to contract by 4.4%, compared to prior assumption of 1.0% decline
 - Growth in Corporate income taxes also reduced from assumed growth of 5.4% to 0.4%
- These downward adjustments were offset by increases in nonwithholding – from assumed 5.9% contraction to growth of 6.3% - and a slight reduction in the refund forecast, which increases available revenues

FY 2014: Where Do We Stand Year-To-Date?

- Through November, revenue collections grew 0.7%, about 1% behind the revised forecast
 - Two sources still lagging the revised forecast are refunds – which have substantially outpaced the forecast – and corporate income
- Nationally, the most recent economic indicators have shown some growing strength
- January is a key month for revenue collections:
 - Sales taxes for Christmas season are remitted in January
 - January 15: Due date for the fourth quarter individual estimated income tax payments – one area strength year-to-date
- Look to Mid-Session reforecast for potential adjustments

General Fund Revenue Forecast for Fiscal Year 2014

	Source as a	Chapter 806	Y-T-D		
	% of Total	Official	Performance	December	
Major Source	Revenues	Forecast	Through Nov	Forecast	
Withholding	63.8	5.4%	3.4%	3.3%	
Nonwithholding	15.6	-5.9%	6.6%	6.3%	
Refunds	(10.8)	6.3%	33.5%	5.1%	
Net Individual	68.6	2.5%	2.5%	3.7%	
Sales	18.8	-1.0%	-2.6%	-4.4%	
Corporate	5.0	5.4%	-12.1%	0.4%	
Wills (Recordation)	2.0	-10.9%	-4.7%	0.0%	
Insurance	1.7	7.0%	0.0%	10.4%	
All Other Revenue	4.0	-2.3%	-1.5%	-3.8%	
Total GF Revenues	100.0	1.5%	0.7%	1.7%	

Note: This reflects the total GF revenue forecast and transfer changes reflected in HB 29.

HOUSE BILL 29

HB 29 – Budgetary Adjustments in FY 2014

	(\$ in millions)
Assumed Resources: Chapter 806	\$17,997.7
Revised Resources	
Prior Year Balance	\$ 879.7
Additions to Balance	(100.0)
Revenue Forecast (Offset by Policy Adjustments)	16,971.0
Transfers	522.8
Total GF Resources in HB 29 as Proposed	\$18,273.5
Appropriations	
Chapter 806 FY 2014 Base	\$17,986.1
Net Adjustment to Appropriations	(249.1)
Total FY 14 Appropriations in HB 29 as Proposed	\$17,737.0
Unappropriated Balance (Note: majority of carry-forward reflects Rainy Day Fund payments designated but not yet deposited)	\$ 536.5

HB 29 Savings and Spending Proposals

- HB 29 reflects a net appropriation adjustment of \$249.1 million
- Reductions included total \$282.5 million
 - Driven by technical adjustments to Medicaid and K-12
 - \$90.3 million reduction to reflect additional health care fund revenues
 - \$85.0 million savings from utilization and inflation forecast update (Medicaid, FAMIS, SCHIP)
 - \$89.1 million in K-12 savings from lottery balances and forecast updates, and incentive, categorical and participation savings
 - Items identified in the agency savings plans and other targeted savings generate \$21.6 million
- Additional new spending for FY 2014 totals \$33.3 million and is driven almost entirely by forecast changes:
 - \$11.9 million for public education, reflecting increasing in the average daily membership counts
 - \$4.5 million for increased local and regional jail per diems
 - \$3.4 million for increased costs of child welfare services

HOUSE BILL 30

FY 2014-2016 Biennial Forecast

- The overall GF growth rates (excluding transfers) for 2014–2016 assume:
 - FY 2015: 4.2% (4.1% without tax policy adjustments)
 - FY 2016: 3.9% (4.0% without tax policy adjustments)
- Total growth is slightly behind last year's official forecast for these two years, driven largely by a much slower estimate of FY 2015
 - Last year's assumptions were for growth of 4.9% and 3.7% for these two years
 - Reflects continued concern regarding the impact of potential federal reductions on Virginia
 - For comparison, Virginia's long-term average annual growth has been in the 6% - 6.5% range

GF Forecast: Fiscal Years 2015 & 2016

Source	FY 2015 Forecast	FY 2015 % Growth	FY 2016 Forecast	FY 2016 % Growth
Withholding	\$11,040.4	4.3%	\$11,504.1	4.2%
Nonwithholding	3,203.7	7.4	3,393.6	5.9
Refunds	(1,885.0)	4.3	(1,965.0)	4.2
Net Individual	\$12,359.0	5.1%	\$12,932.7	4.6%
Sales	3,175.7	3.1	3,256.7	2.6
Corporate	816.6	2.1	822.7	0.7
Recordation	377.5	0.0	377.5	0.0
Insurance	290.9	0.5	303.1	4.2
All Other	666.3	0.6	680.6	2.1
Total GF Revenue	\$17,686.1	4.2%	\$18,373.3	3.9%
ABC Profits	70.8	0.3	71.0	0.3
Sales Tax (0.375%)	348.9	4.2	361.1	3.5
Transfers Per Act	117.8	0.3	103.3	(12.3)
Total Transfers	537.5	2.8%	535.4	(0.4)%
Total General Fund	\$18,223.6	4.2%	\$18,908.7	3.8%

Tax Policy Adjustments Assumed in HB 30

(\$ in millions)

Tax Policy Changes (Adopted & Prospective)	FY 2015	FY 2016	Biennial
Accelerated Sales Tax – Remove additional merchants from requirement (HB 30, Part 3)	\$0.00	(\$29.9)	(\$29.9)
Increase Neighborhood Assistance Act credit caps (HB 30, Part 3)	(1.0)	(2.0)	(3.0)
Single Sales Factor Apportionment (HB 2437, 2009)	(\$40.1)	(\$39.8)	(\$79.9)
Educational Scholarships Tax Credit (SB 131/HB 321, 2012)	(15.0)	(20.0)	(35.0)
Transfer Additional Sales Tax to Transportation (HB 2313, 2013)	(50.9)	(\$54.3)	(105.2)
Total: Tax Policy Changes	(\$107.0)	(\$146.0)	(\$253.0)

OVERVIEW: SAVINGS AND SPENDING IN HB 30

Overview: Appropriations in HB 30

- The Governor's proposed biennial budget includes spending increases of \$2.7 billion compared to the FY 2012-14 biennium
- These are offset by a total of \$939.6 million in savings
 - Includes \$688.9 million in net technical and base budget adjustments, and
 - Targeted savings actions totaling \$250.7 million
- As a result, net new spending proposed in HB 30 totals \$1,737.0 billion
- HB 30 also includes an unappropriated balance of \$50.9 million at the end of the biennium

Cost Savings in HB 30

- Governor's budget includes \$250.7 million in proposed savings and cost avoidance actions
 - Unlike prior budgets where savings were required to meet shortfalls, savings are generated to cover costs of high priority needs
 - \$210.0 million, or 84%, are at DMAS and in Direct Aid to Public Education and the majority are used to offset other cost drivers in these two areas
- Adopted elements of the agency reduction plans total \$7.1 million over the biennium
 - The actions are contained in a separate executive savings item in Central Appropriations
 - This is the 6th year in a row that agencies have had to develop savings plans

2014-16 Budget Drivers

Savings Proposed in HB 30

(\$ in Millions)	Biennial
Eliminate K-12 Nonpersonal Inflation Update	\$ (76.3)
Reduce Pre-K for Nonparticipation	(48.5)
DMAS Savings from FY 15 Withholding Hospital Inflation (includes teaching hospitals)	(44.7)
Eliminate K-12 COCA for Support Positions	(20.7)
DMAS Teaching Hosp. Indigent Care Savings	(15.0)
Repurpose Culpeper Juvenile Correctional Center	(14.9)
Department Juvenile Justice Turnover and Vacancy Savings	(8.9)
Match Medicaid Durable Medical Equipment Rates	(4.8)
DSS Auxiliary Grant Program Savings	(4.0)
All Other Savings	(12.9)
Total Savings:	\$ (250.7)

Spending Proposals in HB 30

- A total of \$2.7 billion in new spending is included in HB 30
- The majority reflects updates to major budget drivers like Medicaid and K-12, with these 2 areas comprising 57% of the unadjusted new spending (\$1.5 billion)
- Other areas of focus in HB 30 are listed below:
 - Improving funding for the Virginia Retirement System – both new rates and payback
 - Meeting Rainy Day Fund commitments,
 - Funding health insurance increases, and
 - Investing in higher education
- Table on the following page itemizes the major spending increases

2014-16 Budget Drivers

New Spending Proposed in HB 30

(\$ in Millions)	Biennial
Medicaid Utilization and Inflation	\$ 674.4
Update Costs of K-12 Standards of Quality	584.1
Appropriate Deposits to Revenue Stabilization Fund	303.1
Debt Service for Currently Authorized Projects and Equipment	196.7
Increased Funding for Higher Education	184.4
Fund Updated Costs for State Employee Retirement Rates	97.6
Fund State Employee Health Insurance Program	83.9
DMAS Reflect Previously Authorized Waiver Slots	78.8
Fund Payback of Deferred Retirement Contributions	53.6
Use GF to Supplement Literary Funds for Teacher Retirement	52.9
DMAS Funding for Mandatory Waiver Slots	45.3
All Other Spending	321.8
Total Spending:	\$ 2,676.6

Major Increases in NGF Appropriations Over Chapter 806

- Nongeneral fund appropriations increase by a total of \$7.6 billion in the FY 2014-2016 biennium compared to Chapter 806
- In many instances, NGF appropriation increases are recognized in the course of normal budgeting
 - Includes items such as higher education and transportation's NGF revenues, updates to the lottery proceeds fund, and Medicaid utilization and inflation, or the annualization of waiver slots
- However, for the first time, a number of internal service funds, for which the amounts were only shown in language, have been issued actual appropriations
 - These appropriations have never been included before and total nearly \$1.6 billion in new spending
 - Includes internal service funds for VITA, DGS, the Health Insurance Fund, and Cardinal Financial System

Major Increases in NGF Appropriations Over Chapter 806

Type of NGF Activity	NGF 2015	NGF 2016
Establishing New ISF Appropriations	\$1,571,088,359	\$1,571,088,359
Transportation NGF Revenue Increases	\$1,041,593,016	\$1,381,736,712
Higher Education and College Savings Plan NGF Revenue Increases	\$298,168,170	\$494,668,325
Health and Human Resources NGF Increases	\$306,227,871	\$424,043,093
Federal Section 8 Pass-Through Funding for Housing	\$172,277,106	\$172,277,106
E-911, VDEM, TICR, and ABC Merchandizing	\$79,440,850	\$103,040,850
K-12 Lottery Proceeds Update	\$38,000,000	\$38,000,000
Total NGF Appropriations	\$3,506,795,372	\$4,184,854,445

DETAILS BY SECRETARIAL AREAS

PUBLIC EDUCATION

HB 29: Technical Updates to Direct Aid

Amendments in public education reflect the changes in student enrollments, program participation levels, downward adjustments to sales tax and Literary revenues, and gains in Lottery Proceeds

- Student Enrollment and Program Participation
 - Update for student enrollment estimates: net increase of \$11.9 million
 - March ADM projection increase for additional 1,619 students: \$7.6 million
 - Backfill funding transferred into FY 2013 for actual enrollments: \$4.3 million
 - Lower ESL & Remedial Summer School enrollments: net savings of \$898,488
 - Third Grade Reading Specialist Initiative: saves \$474,800, based on the two year testing waivers approved by BOE and final participation
- Sales Tax Revenue
 - Adds \$1.4 million to reflect changes in Sales Tax distributions based on the most recent update for school-aged population estimates
 - Adjustment to reflect the change in Sales Tax forecast estimate: net decrease of \$16.6 million
 - Sales Tax decrease of \$37.8 million
 - Basic Aid offsetting increase of \$21.2 million

HB 29: Technical Updates to Direct Aid

Literary Fund Revenue:

- Adds \$2.5 million GF to supplant a like amount of Literary Funds used for VRS teacher retirement payments

Lottery Proceeds Revenue and Lottery-Funded Program Updates:

- Adjusts Lottery Proceeds Revenue estimate by an additional \$55.2 million of which \$33.0 million is from the revised forecast & \$22.2 million is carried forward from FY 2013
 - General Fund allocation is offset by a like amount by transferring Textbooks (\$43.8) million and part of Remedial Summer School (\$11.4) million into the Lottery-funded account
- Also reflects a net savings of \$1.7 million in GF revenue from updates to Lottery-funded program accounts

Incentive Program Accounts:

- Captures \$9.3 million GF in balances from the 2% Salary Compensation Incentive allocation due to less than 100% participation
- Reflects \$3.0 million in savings from balances in the Strategic Compensation Grant initiative
- Savings of \$332,264 to Governor Schools allocation due to school divisions sending fewer students

Categorical Program Accounts: Special Education related programs:

- Saves \$2.2 million from the State Operated Programs allocation, which is based on actual payments from FY2013 and estimated participation in FY2014
- Saves \$401,544 from Jails allocation, which is also based lower program participation
- Saves \$232,549 from the Homebound program account, which reflects actual state share of local program costs

HB 30: Direct Aid

Total Biennial Budget Equals \$14.2 Billion

- The Governor's proposed 2014-16 biennial budget for Direct Aid to Public Education totals \$11.2 billion GF and \$3.0 billion NGF (Lottery, literary and federal)
 - FY 2015: \$5,569.8 million GF and \$1,482.2 million NGF
 - FY 2016: \$5,615.4 million GF and \$1,485.6 million NGF
- The biennial budget has a net increase of \$523.4 million higher than the FY 2014 base budget for all funds – which includes rebenchmarking, policy changes, new and expand initiatives:
 - Total GF increase of \$500.3 million, or 4.7%
 - Net spending equals \$873.5 million
 - Net savings equal \$373.2 million
 - Total NGF increase of \$23.1 million, or 0.8%

Summary of Proposed Rebenchmarking Updates	FY 2015 (\$ in millions)	FY 2016 (\$ in millions)	Biennium (\$ in millions)
VRS Rates: Retirement, Group Life & RHCC	\$84.2	\$84.5	\$168.7
Federal Revenue Deduct	52.0	52.0	103.9
Inflation Factors for Non-personal Support	37.7	37.9	75.6
Lottery-Funded Programs	32.9	39.7	72.6
FY12 Base Year Expenses for Non-personal Support	34.9	35.3	70.2
Health Care Premium	26.7	26.7	53.4
Reset PreK Non-participation Estimate to 0%	23.4	23.4	46.8
Student Transportation	18.2	18.8	37.0
Local Composite Index	18.3	18.5	36.8
SOL Failure Rates and Free Lunch Eligibility	17.8	18.0	35.7
Student Membership Enrollments	5.6	26.5	32.1
Sales Tax Forecast & Basic Aid Offset	6.1	25.6	31.7
Textbooks	4.5	4.5	9.0
Subtotal for Rebenchmarking Increases	\$362.2	\$411.4	\$773.6

Summary of Proposed Rebenchmarking Updates	FY 2015 (\$ in millions)	FY 2016 (\$ in millions)	Biennium (\$ in millions)
Incentive and Categorical Programs	(0.6)	(0.2)	(0.8)
Net Changes for Funded Salaries and Positions	(0.7)	(0.7)	(1.4)
Increase Lottery Forecast to \$500M & Offset GF	(38.0)	(38.0)	(76.0)
<u>Remove FY 2014 One-Time Funding</u>	<u>(55.6)</u>	<u>(55.6)</u>	<u>(111.2)</u>
Subtotal for Rebenchmarking Decreases	(\$94.9)	(\$94.5)	(\$189.4)

Summary of Rebenchmarking Costs			
Net Increases	\$362.2	\$411.4	\$773.6
<u>Net Decreases</u>	<u>(94.9)</u>	<u>(94.5)</u>	<u>(189.4)</u>
Total Cost Estimates	\$267.3	\$316.6	\$584.2

Largest Rebenchmarking Components

- SOQ positions funded salary adjustments are based on the average salaries reported from the school divisions:
 - Elementary teachers: \$45,118 to \$45,822, or 1.6% salary increase
 - Secondary teachers: \$47,267 to \$48,125, or 1.8% salary increase
 - Other SOQ instructional positions salary levels increased on average by 1.8%
 - Principals, assistant principals, and instructional assistants
- Base-year expenditure data from the FY 2012 Annual Supt. Report (ASR) is used for updating the FY 2014-2016 costs
- Local Composite Index (LCI) updates:
 - LCI determines the split of costs between the state and each school division
 - 52 went up, 74 went down and 8 remained unchanged
- Textbooks funded PPA: \$89.73 to \$99.42, increase of \$9.69, or 10.8%
- Health Care premium: \$3,778 to \$4,340, increase of \$562, or 14.9%
- Student enrollment: reflect changes in student membership projections relative to the original total of 1,228,510 in FY 2014:
 - Additional 9,761 students: 1,238,271, 0.79% growth in the first year
 - Additional 17,918 students: 1,246,428, 1.46% growth in the second year

VRS Rates' Updates

The introduced budget provides a net increase of \$84.2 million in FY 2015 and \$84.5 million in FY 2016 for the state's share of funding the revised VRS benefit rates:

- Teacher/professional retirement: 11.66% to 14.50%
 - \$81.7 million in first year and \$82.1 million in second year
- Support/nonprofessional retirement: 10.23% to 9.40%
 - (\$1.1) million in first year and (\$1.1) million in second year
- Retiree Health Care Credit: 1.11% to 1.18%
 - \$2.4 million each year
- Group Life: from 0.48% to 0.53%
 - \$1.1 million each year

Lottery Proceeds & Program Updates

- Projected Lottery revenues are forecast at \$500.0 million each year which reflects an increase of \$38.0 million over the \$462.0 million contained in Chapter 806 for FY 2014
- These additional proceeds are used to update programs funded with lottery funding and the proposed budget makes an equal offsetting adjustment that reflect general fund savings

Major Funding Changes in Lottery-funded Programs (over the biennium)	(\$ in millions)
K-3 Class Size Reduction	\$29.0
At-Risk Add-on program	22.0
Special Education – Regional Tuition	15.3
English as a Second Language	6.7
Early Reading Intervention	5.9
Virginia Preschool Initiative	5.1
Textbooks (transferred into GF)	(11.8)

Policy Changes

- The introduced budget reflects a net increase of \$52.9 million over the biennium to backfill a portion of Literary funds used to pay a portion of the teacher retirement costs over the biennium -- the freed-up Literary Fund revenues are proposed to be used to:
 - Adjust for the decline in the level of loan repayment revenues into the fund coupled with no new loan issuances: \$32.9 million
 - Provide new School Construction Loans: \$20.0 million
- Excludes funding for inflation adjustments: saves \$76.4 million
 - This is consistent with rebenchmarking update from the FY 2012-2014 cycle
 - \$38.1 million in FY 2015 and \$38.4 million in FY 2016
- Includes a PreK nonparticipation rate of 25.4%: saves \$48.5 million
 - This is consistent with rebenchmarking update from the FY 2012-2014 cycle
 - \$24.2 million in FY 2015 and \$24.3 million in FY 2016
- Eliminates the Cost of Competing Adjustment (COCA) for support positions (rate of 6.98%): saves \$20.7 million
 - \$10.2 million in FY 2015 and \$10.5 million in FY 2016

New Initiatives:

Adds \$4.6 million Over the Biennium

- Reading and Math Specialists: adds a total of \$3.6 million to provide positions to underperforming schools that have been denied accreditation or have been accredited with warning for three consecutive years
- Teach For America (TFA): adds a total of \$1.0 million for grants to help offset the \$5,000 per teacher hiring fee charged to school divisions that contract with TFA:
 - New language authorizes the Opportunity Educational Institution (OEI) Board to evaluate school division grant applications and determine amounts

Expanded Programs: Adds \$3.5 million Over the Biennium

- National Board Certifications Bonuses: adds \$1.2 million to reflect increased participation levels of teachers certified by the National Board of Professional Teaching Standards
- Communities in Schools: adds \$538,800 to establish a CIS affiliate in the Petersburg school division
- Positive Behavioral Intervention: adds \$513,920 to expand the number of divisions receiving school-based training for reducing disruptive behavior in the classroom
- PluggedIn Virginia: adds \$470,030 to fund 20 additional grants to increase adult education opportunities for GED course offerings
- Combine Year Round and Other Alternative Instructional Approaches: adds \$1,226,624
- Greater Aspirations Scholarship Program: adds \$375,000

Language

- Special Education – State Operated Programs: proposes new language that specifies that state funding allocated for educational programs in local and regional detention homes will be based only on students detained in the facilities through a court order issued by a Virginia court
- Virginia E-Learning Backpack Initiative: proposes changing the criteria that determines a school eligibility from one year to two consecutive years for not being fully accredited
- Reading Specialist Initiative: modifies the existing funding methodology by stepping down the budget allocation to 50% by the third year for a school that started in the program during FY 2014

Central Office & Secretary of Education

Central Office Operations:

- The introduced budget proposes adding a total of \$619,360 for Academic Reviews for those schools that are not fully accredited
- Proposes adding a total of \$646,060 for the Center for Excellence in Teaching at George Mason University for its residential summer program that provides professional development for teachers
- Adds \$250,000 over the two years for statewide training for key teachers and administrators to receive initial training for reducing disruptive behavior in the classroom

Secretary of Education:

- Eliminates the second year funding of \$600,000 for the College Partnership Labs grants
- New language directs the Secretary to conduct a study of the funding formula used to determine Governor Schools allocations

Opportunity Educational Institution (OEI)

- The introduced budget transfers the Opportunity Educational Institution out of the Department of Education and creates a new stand alone agency
- Proposes adding a total of \$900,118 to the existing \$300,000 to the OEI budget and authorizes 7.0 new positions
- New language states that all applicable state, federal and required local matching funds will be transferred to the OEI from the resident school division
- Additional new language allows the OEI Board to determine whether any school accredited with warning for the third consecutive year will be transferred under its authority

HEALTH & HUMAN RESOURCES

HB 29: Health & Human Resources

- Net savings of \$169.7 million GF in FY 2014
- \$85.1 million GF in savings from Medicaid, FAMIS and SCHIP and involuntary civil commitment programs
 - \$73.6 million GF in Medicaid savings
 - \$63.6 million GF savings due to a decrease in projected expenditures
 - \$10.0 million GF in savings due to changes to behavioral health care regulations for adults
- \$90.3 million GF in savings from Increased revenues in the Virginia Health Care fund used to offset Medicaid general fund expenditures
 - \$64.6 million cash balance from FY 2013 (primarily due to pharmacy rebates)
 - \$31.9 million from additional Medicaid recoveries in FY 2014
 - \$1.2 million from additional MSA Tobacco Settlement revenues
 - Offset by a reduction of \$7.4 million in projected tobacco tax revenue
- \$2.0 million GF in savings from Auxiliary Grant program surplus
- \$8.3 million GF in increased spending
 - Adoption subsidies: \$3.4 million
 - Medicaid call center: \$1.7 million
 - Backfill declining child support enforcement revenue: \$2.9 million

HB 30: Health & Human Resources

- Spending increases total \$980.6 million GF over the biennium
 - 78% of new funding driven by mandated programs, primarily Medicaid
 - \$674.4 million GF for Medicaid forecast and
 - \$186.0 million GF over biennium to address the DOJ Settlement Agreement
 - Base adjustment of \$92.2 million GF over the biennium to reflect currently authorized waiver slots services and activities
 - \$93.8 million GF for the new waiver slots, services and other funding needs
 - Offset by savings from training center closures
 - \$11.1 million GF to backfill Medicaid funding due to declining tobacco MSA and tax revenue which flows to the Virginia Health Care Trust Fund
 - \$6.5 million for projected adoption subsidy payments
- Savings total \$253.2 million GF over the biennium
 - \$84.7 million GF in savings from the closure of state training centers as part of the DOJ Settlement Agreement (offset to DOJ costs above)
 - \$55.7 million GF in FAMIS and SCHIP programs from change in federal matching rate (FMAP) from 65% to 85%
 - \$44.7 million GF from withholding Medicaid hospital inflationary increases in FY 2015
 - \$15.0 million GF by continuing indigent care reductions at state teaching hospitals
 - \$12.4 million GF from eligibility system modernization

HB 29/30 DMAS Forecasts

(GF \$ in millions)

DMAS Forecasts	FY 2014	FY 2015	FY 2016
Medicaid Utilization and Inflation Official Forecast*	(\$73.6)	\$255.2	\$419.2
Withhold hospital inflation adjustment in FY 2015		(\$26.2)	(\$18.4)
Continue indigent care reduction at Teaching Hospitals in FY 2015 only (funds restored in FY 16)		(\$15.0)	\$0
Adjust Medicaid funding for revenue changes in the Virginia Health Care Fund (Tobacco MSA, tobacco taxes and Medicaid recoveries – FY 16 reflects declining tobacco revenues)	(\$90.3)	(\$0.5)	\$11.6
Adjusted Medicaid Forecast	(\$164.0)	\$213.5	\$412.4
FAMIS children's health insurance forecast	(\$8.6)	\$0.3	(\$33.2)
Medicaid children's health insurance (SCHIP) forecast	(\$2.8)	\$1.3	(\$22.5)
Involuntary mental commitment forecast	(\$0.5)	(\$0.6)	(\$0.4)
Total DMAS Health Care Forecasts	(\$175.9)	\$214.5	\$356.3

*Official forecast includes policy decisions in the 2014-16 biennium, some of which are rescinded through policy adjustments. Policy decisions include inflationary increases to hospital, nursing home and other provider payments, rebasing of nursing home costs, and restoration of nursing facility capital rates.

HB 30: Other DMAS / Medicaid Spending

Targeted Spending Items*	2014-16 (GF \$ in millions)
Proposed changes to the temporary detention order (TDO) process for involuntary civil commitments	\$3.1
Additional support for Children's Hospital of the King's Daughters through supplemental Medicaid payments	\$2.8
Enhance quality reviews of managed care organizations	\$1.6
Dual Eligible demonstration project actuarial analysis and enrollment broker	\$1.2
Eliminate emergency room payment reduction for physicians	\$0.8
Medicaid call center	\$0.8
Increase staffing for appeals caseload	\$0.6
Total	\$10.9

*Does not include base adjustments and targeted spending for the U.S. DOJ Settlement Agreement.

HB 30: DMAS & Medicaid Savings

Targeted Reductions	2012-14 (GF \$ in millions)
Reduce GF to reflect fewer geriatric patients served at Eastern State Hospital	(\$5.0)
Align Medicaid rates for durable medical equipment with Medicare rates	(\$4.8)
Reduce clinical lab fees to match Medicaid MCO rates	(\$2.2)
Savings from community mental health audits & reviews	(\$0.2)
Eliminate one-time funds for Center for Health Innovation	(\$1.7)
Total	(\$13.9)

U.S. DOJ Settlement Agreement Related Items	FY 2015	FY 2016
DMAS: Base adjustment for previously authorized waiver slots – FY 2014 funding was provided through FY 2013 balances	\$39.4	\$39.4
DMAS: Base adjustment for administrative costs	\$0.7	\$0.8
DBHDS: Base adjustment - crisis stabilization and individual & family supports	\$2.5	\$9.4
DBHDS: Base adjustment for administrative costs (quality reviews, independent review, discharge monitoring, information technology support)	\$3.8	\$3.8
DMAS: Intellectual and Developmental Disability Waiver slots – 256 ID slots for facility discharges, 525 ID slots and 50 DD slots for community waiting list	\$14.9	\$30.4
DBHDS: Backfill support costs at Central State Hospital from Southside Virginia Training Center closure	\$10.2	\$10.2
DBHDS: Backfill loss in training center revenue used to support other state mental health facilities	\$2.9	\$4.7
DBHDS: Additional facility closure costs	\$1.8	\$0.9
DBHDS: Add developmental disability support network	\$2.0	\$2.6
DBHDS: Redesign and assess services for ID and DD waivers	\$1.1	\$1.7
DBHDS: Fund Northern Virginia community capacity development	\$2.8	\$0
DMAS: Medicaid savings from planned facility closures	(\$31.4)	(\$53.3)
Total costs of U.S. DOJ Settlement Agreement Related Items	\$50.7	\$50.6

Department of Behavioral Health and Developmental Services

- Additional spending of \$43.9 million GF over the biennium (not including DOJ Settlement Agreement spending)
 - \$24.1 million GF for increased spending on mental health services
 - \$10.0 million GF to backfill loss of Medicaid revenue for geriatric services at Eastern State Hospital which helps support adult units
 - \$5.5 million GF and \$3.8 million NGF to continue implementing electronic health records in state facilities
 - \$1.7 million GF for the conditional release program for sexually violent predators ordered into program by courts
 - \$1.4 million GF for information technology (IT) infrastructure costs at the newly constructed Western State Hospital
 - \$923,839 GF for four regional IT security officers and agency specific training to comply with Commonwealth's IT security policy
 - \$250,000 GF for Greater Richmond ARC capital improvements

DBHDS – Mental Health Spending

- Proposes \$24.1 million GF in mental health services over the biennium
 - \$19.7 million GF over the biennium for community-based mental health services
 - \$7.5 million GF to increase outpatient services for youth ages 17 to 24
 - \$5.4 million GF to expand up to six new therapeutic drop-off centers to provide an alternative to incarceration for individuals with serious mental illness
 - \$2.9 million GF to provide two additional Programs for Assertive Community Treatment (PACT) teams in the community, bring the total number of teams to 18
 - \$1.7 million GF for the purchase of new or updated telecommunications equipment to allow Community Services Boards to conduct or obtain clinical evaluations off-site and more quickly
 - \$1.6 million GF to expand the peer support recovery program
 - \$600,000 GF to supplant expiring grant funds for a community recovery program in the Piedmont Region
 - \$4.4 million GF over the biennium and 36 positions to expand capacity at Eastern State Hospital to serve adults

DBHDS - Language

- Language requires agency to review current services provided by state mental health facilities services and consider options for future including:
 - Consolidation and reorganization of services
 - Fiscal impact of the long-term needs for inpatient services for geriatric, adult and forensic populations
 - Fiscal impact of the reduction of geriatric census on reimbursements at state facilities
 - Long-term capital requirements of state facilities
 - Due October 1, 2014
- Language also requires a comprehensive planning process for providing geriatric, adult and forensic mental health services, inpatient and community-based, as close to patients' homes as possible by October 1, 2015
- Language requires a report on operational efficiencies at Western State Hospital and service improvements associated with the new facility

Department of Social Services

- Spending increases total \$22.5 million GF over the biennium
 - \$6.5 million GF and \$5.6 million NGF for adoption subsidy caseload growth
 - \$5.8 million GF over the biennium to offset a decline in child support enforcement revenue from decreased collections on behalf of TANF families
 - \$4.9 million GF to extend foster care and adoption subsidies to youth from ages 19 to 21
 - \$2.4 million GF to increase foster care maintenance rates by 3%
 - Required by Appropriations Act language in years following a state employee pay raise
 - \$2.0 million GF for the Virginia Early Childhood Foundation to make grants to implement the kindergarten readiness assessment program developed from the pilot program
 - \$700,660 GF and \$441,783 NGF and 5 positions to require DSS to negotiate all adoption assistance agreements for local DSS offices
 - Language authorizing action specifies that it shall not alter legal responsibilities of local departments nor rights of adoptive parents
 - \$200,000 GF to expand funding to Youth for Tomorrow for residential, education and counseling services to at-risk youth

Department of Social Services

- Savings of \$16.6 million GF over the biennium
 - \$12.4 million GF in savings from the modernization of the eligibility processing system for benefit programs including Medicaid, TANF, SNAP (formerly Food Stamp program), energy assistance and child care benefits
 - \$9.0 million GF in contract savings based on the current schedule for the replacement and modernization of the system
 - \$3.4 million GF in eligibility operational savings related to the implementation of the new eligibility information system for benefit programs
 - Savings are achieved by the availability of enhanced federal funds for the system
 - \$4.0 million GF in savings due to the declining participation in the Auxiliary Grant program

Temporary Assistance to Needy Families (TANF) Block Grant

- Realigns funding in the TANF block grant to balance spending with resources leaving a balance of \$12.8 million NGF by the end of FY 2016
 - TANF spending continues to exceed the block grant amount, however unanticipated caseload decline has resulted in the accumulation of balances
- Mandated benefit costs are expected to decrease by 3% over the biennium due to a decline in the TANF caseload
- Surplus TANF funds are allocated for:
 - 3% reserve fund for unanticipated caseload increases (\$2.8 million NGF each year)
 - \$2.7 million in TANF over the biennium to supplant \$2.0 million in the criminal fund for domestic violence grant funds and \$693,584 in anticipated funding cuts for domestic violence prevention due to federal sequestration
 - \$2.0 million NGF over the biennium for information systems cost increases
 - \$1.2 million NGF over the biennium for local staff support

Department of Health

- Spending totals \$11.3 million GF over the biennium
 - \$7.2 million GF and \$30 million NGF to address a 28% increase in projected cases for the AIDS Drug Assistance Program
 - Restores \$1.2 million GF for the Resources Mothers program which had been expected to receive federal grant dollars
 - Adds \$980,000 GF for the Hampton Roads Proton Beam Therapy Institute at Hampton University, bringing funding level to \$1.0 million GF per year
 - \$564,673 GF and \$371,105 NGF to address higher lease costs for 9 local health departments that have moved into new facilities or experienced higher lease costs
 - \$500,000 GF to continue the transition of health records to the state's ConnectVirginia which supports a system of electronic health records
 - \$190,050 GF to fund regulatory activities related to the federally-facility insurance marketplace in conjunction with the State Corporation Commission
- Savings total \$2.6 million GF over the biennium
 - Removes base funding of \$1.9 million and 20 positions for local health department dental services which are expected to transition to a preventive model of care
 - Reduces \$600,000 GF to support poison control centers
 - Currently these centers receive \$1.0 million GF each year
 - Proposed language limits state support to two centers

Department of Health

- Spending changes in nongeneral funds
 - Increases \$10.0 million NGF over the biennium to the Trauma Fund
 - Balances in the fund have accrued from increased revenues from driver's license reinstatement fees
 - Language proposes to reduce the amount of funds transferred from the Trauma Fund to the general fund from \$9.1 million to \$8.1 million beginning in FY 2016
 - Increases \$5.0 million NGF over the biennium to increase funding for communicable disease prevention and control
 - Funding is from increased revenue from prescription drug rebates base on the sale of HIV/AIDS medications dispensed to health department clients
 - Increases \$3.0 million NGF over the biennium to the Rescue Squad Assistance Fund
 - Balances in the fund have accrued from the receipt of \$6.25 for Life fees
 - Language proposes to reduce the amount of funds transferred from the Fund to the general fund from \$10.5 million to \$9.5 million beginning in FY 2016
 - Reduces \$4.0 million NGF over the biennium for the Women, Infants and Children (WIC) Special Supplemental Nutrition Program to reflect projected spending
- Adds budget language requiring a report of the effectiveness of existing nursing scholarship and repayment programs

Department of Rehabilitative Services

- Adds \$1.2 million GF each year to backfill loss of federal funding for nutrition programs provided through local Area Agencies on Aging (congregate and home-delivered meals)
- Adds \$150,000 GF each year to expand brain injury case management services and supplement funding for current service providers
- Provides \$199,546 GF over the biennium for public guardianship and conservator programs to maintain existing services

HIGHER EDUCATION

HB 30: Higher Education Institutions

- The introduced budget proposes \$164.0 million in new general fund support for colleges & universities in the 2014-16 biennium
 - \$63.0 million is allocated based on a degree incentive formula proposed by institution presidents which includes data on degrees awarded, STEM-H degrees, transfers, students from underserved populations and other factors
 - \$21.0 million is proposed for the change in projected in-state undergraduate enrollment growth from 2014 through 2016
 - This does not take into account the growth related to the new in-state seats at CWM, UVA, VT & JMU agreed upon in the 2011 Session
 - \$10.8 million is proposed for ODU and \$2.7 million is proposed for NSU to achieve about 92% of base funding guidelines
 - \$15.7 million is proposed for various institution-specific initiatives related to STEM-H, workforce & economic development, recruitment & retention of students and other institutional initiatives
 - \$14.8 million is proposed for research initiatives at GMU, ODU, UVA, VCU, VT and VIMS
 - \$29.4 million is proposed for increased undergraduate financial aid and \$3.9 million is proposed at doctoral institutions for increased graduate aid
 - \$2.8 million is proposed for extension primarily for O & M for the new agriculture research building at Virginia Tech

HB 30: Biennial Allocations to Colleges and Universities for Operating Costs

Institution	GF Amount \$ in millions	Institution	GF Amount \$ in millions
CNU	\$2.4	UVA	10.8
CWM	2.8	UVA-W	0.8
GMU	11.7	VCU	12.9
JMU	8.0	VMI	1.3
LU	1.7	VT	11.6
UMW	2.8	VSU	2.6
NSU	5.5	RBC	1.3
ODU	24.7	VCCS	20.6
RU	5.5	Total	\$127.0

HB 30: Other Higher Education Spending

- \$20.5 million is proposed for new spending for other higher education agencies, centers and initiatives
 - \$6.2 million is proposed for the TAG program to increase the award by \$200 from \$3,100 to \$3,300 per student
 - \$2.0 million is provided for increased operating support for EVMS
 - \$3.1 million is provided to provide access to STEM e-books through the Virtual Library (VIVA)
 - \$1.6 million is proposed for the Research Inst in Danville (IALR)
 - \$4.6 million to support Jefferson Labs
 - \$2.4 million for operating support and to support workforce training efforts at higher education centers
 - \$0.5 million for veterans' workforce initiative at SCHEV
 - \$0.1 million for the military survivors financial aid assistance administered by SCHEV

Other Actions

- Colleges and universities assigned additional reallocation targets totaling \$25.2 million each year
 - This reallocation is equivalent to about one-third of the new funding proposed in the introduced budget for colleges and universities
 - The pool was distributed based on the FY 2014 education & general program GF budget and results in a 2.0% reallocation requirement each year
 - When combined with the previous reallocation requirement, colleges and universities will be required to reallocate about \$48.3 million each year or approximately 4 percent of their education & general program GF budget

CAPITAL OUTLAY

Treasury Board

- HB 29:
 - Reductions to debt service in Treasury Board of \$3.6 million GF due to lower than anticipated interest rates and issuance delays
- HB 30:
 - Proposes \$75.6 million GF in FY 2015 and \$121.1 million GF in FY 2016 for previously authorized projects

HB 29: Capital Outlay

- Introduced budget proposes \$29.3 million in VCBA / VPBA bonds for three projects:
 - \$20 million for the GMU Academic VII / Research III Building to supplant a like amount of nongeneral funds
 - \$8.3 million to supplement the VSU Water Tank & Campus Distribution System project
 - \$1.0 million for the Alexandria CSO project
- HB 29 also proposes \$14.4 million in nongeneral funds as follows:
 - \$10.2 million to supplement the Workers' Compensation Commission Headquarters project
 - \$2.6 million to supplement the GMU Hylton Center
 - \$1.6 million for the VSU Water Tank & Campus Distribution System project as part of the local share

HB 30: Capital Outlay

- Introduced budget proposes \$117.1 million in VCBA / VPBA bonds for equipment for new buildings, improvements to Ft. Monroe, supplements to the stormwater assistance fund and selected capital renovation projects
 - \$53.5 million is proposed in FY 15 for ten renovation and repair projects such as new security and fire alarm systems in DOC, renovation of VCCW, and roof repairs and abatement projects at DBHDS
 - \$22.5 million is proposed in FY 15 for repairs & improvements on Ft. Monroe in addition to the \$4.5 million provided last session
 - \$21.1 million is proposed in FY 15 for equipment for new higher education facilities coming on-line during the biennium
 - \$20.0 million is proposed in FY 16 to supplement the stormwater assistance fund created last session
- Maintenance reserve projects are proposed at \$61.5 million each year

HB 30: General Fund Projects

- The introduced budget proposes \$2.9 million GF in the first year for two projects:
 - \$2.0 million is proposed to renovate the visitor center and adjacent buildings at Gunston Hall
 - \$0.9 million GF and \$1.9 million in nongeneral funds from federal sources is proposed to renovate the Waller Depot Complex in the Department of Military Affairs

Project Planning

- HB 30 proposes \$13.3 million NGF to conduct preplanning and detailed planning for 10 new projects
 - Projects have an estimated total construction cost of about \$450 million
 - Three of the projects alone – the replacement for Central State Hospital, a new SVP Facility and the expansion of the Central Forensic Lab – comprise \$392.5 million or nearly 90 percent of the overall proposal
- Funds to support the planning are proposed to be generated from the reimbursement of expenditures made from the Planning Fund originally created as part of the capital program per HB 5001 (Putney) in 2008 Special Session I
- The General Assembly has already identified 27 projects for planning in Chapter 806
 - It is unclear whether these new projects would proceed in lieu of the previously approved projects

HB 30: Other Nongeneral Fund Supported Capital Projects

- Projects funded through nongeneral funds (e.g. gifts, federal funds, auxiliary enterprise revenues, and port revenues)
- HB 30:
 - \$288.4 million NGF revenue projects primarily in transportation
 - \$154.8 million in 9(c) revenue bonds for higher education projects
 - \$225.2 million in 9(d) revenue bonds primarily for higher education projects

COMPENSATION AND RETIREMENT

VRS Rates

- Rates included in HB 30 for the retirement programs are consistent provisions of Chapter 823 of the 2012 Virginia Acts of the Assembly which phases-in the VRS Board certified rates by FY 2019
- VRS Board certified rates assume 7.0% Rate of Return, 2.5% Cost of Living Adjustment and 30 year closed amortization period for actuarial accrued liability as of 2013
 - New funding policy will treat future year unfunded liabilities differently

VRS Program	FY 2014 Chapter 806	VRS Board Certified	Phased-In Rates for HB 30
State Employees Retirement	8.76%	15.80%	12.33%
Teachers Retirement	11.66%	18.20%	14.50%
SPORS	24.74%	32.93%	27.63%
VALORS	14.80%	21.74%	18.24%
JRS	45.44%	57.84%	51.66%
State Employee – Retiree Health Credit	1.00%	1.17%	1.17%
Teacher – Retiree Health Credit	1.11%	1.18%	1.18%
State Employee Group Life Insurance	1.19%	1.32%	1.32%
Teacher – Group Life Insurance	0.48%	0.53%	0.53%
VSDP	0.47%	0.62%	0.62%

HB 30 - VRS Contribution Rates

(GF Impact in Millions)

Retirement System	FY 2015	FY 2016
State Employee Retirement	\$75.6	\$75.6
State Employee OPEBs	\$10.5	\$10.5
Teachers Retirement	\$80.7	\$81.9
Teachers OPEBs	\$3.5	\$3.5
Other Local Employees - OPEBs	<u>\$1.2</u>	<u>\$1.2</u>
Total	\$171.5	\$172.7

State Employee Health Insurance

- Proposes \$24.3 million GF in FY 2015 and \$58.9 million GF in FY 2016 for increased premiums for the state employee health insurance program
 - The funding assumes a 5% premium increase in FY 2015 and 7% increase in FY 2016
 - Policy changes assumed for FY 2015 include:
 - Waiving Tier 1 and 2 co-pays for asthma and antihypertensive medications
 - Establishing an on-site state employee clinic near Capitol Square
 - Increasing co-pays by \$5 for Tier 2 to 4 prescriptions filled at retail
 - Increasing co-pays by \$10 for Tier 2 to 4 prescriptions filled by mail
 - Implement Value Based Insurance Design plan changes
- Includes \$350,000 GF each year for premium increases for the University of Virginia Health insurance program
 - Funding provided is the lesser of the cost of the state employee plan or the UVA plan

Targeted Salary Action For State Employees

- HB 30 proposes \$9.0 million GF in FY 2015 and \$10.3 million GF in FY 2016 to provide targeted 2% base compensation adjustments to 19 state employee classes in the judicial, public safety, and health care fields that have the highest turnover levels
 - Based on interim recommendations of the State Employee Compensation Work Group established in Chapter 806

Law Enforcement Officer I	Registered Nurse I
Security Officer I	Registered Nurse II/ Nurse Practitioner
Security Officer II	Licensed Practical Nurse
Direct Service Associate I	Therapy Assistant / Therapist I
Direct Service Associate II	Therapist II
Direct Service Associate III	Compliance/Safety Officer II
Housekeep and/or Apparel Worker I	District Court Deputy Clerk, Grade 6
Probation Officer Assistant	District Court Deputy Clerk, Grade 7
Emergency Coordinator I	District Court Deputy Clerk, Grade 8
Emergency Coordinator II	

Compensation Actions Constitutional Offices

Commonwealths Attorney's

- Provides \$2.1 million GF each year to provide a \$3,308 salary increase for all Assistant Commonwealth's Attorneys
 - This is the second installment of the two year plan to increase the starting salary to \$52,000 over the two years (a \$3,308 raise was authorized for FY 2014)

Sheriffs and Regional Jails

- Proposes \$4.7 million GF each year for a two percent salary adjustment for entry level deputy sheriff positions (grade 7 and 8) working in either a sheriff's office or as a correctional officer in a regional jail
 - This action would increase the starting salary for grade 7 positions from \$29,081 per year to \$29,662. The starting salary for grade 8 positions would increase from \$31,876 to \$32,422

Circuit Court Clerks

- Proposes \$430,789 GF each year for a 4% salary increase for Circuit Court Deputy Clerk I positions, and a 2% salary increase for Circuit Court Deputy Clerk II positions

Career Development Programs

- Provides \$770,513 GF each year for the career development programs to expand the career development programs.
 - There are currently a significant number of employees who have met the criteria to receive the salary supplement but are not receiving the supplement due to funding
 - Proposed funding was intended to include all of that were eligible for the supplement in the Treasurers and Commissioners of Revenue offices as of November 2013
 - Funding is not sufficient to include all deputy sheriffs and assistant commonwealth's attorneys who meet the criteria for the programs

Career Development Program	New Funding Per Year
Deputy Sheriffs	\$390,575
Assistant Commonwealth's Attorney	\$109,425
Commissioners of Revenue	\$132,509
Deputy Commissioners of Revenue	\$57,319
Treasurers	\$12,303
Deputy Treasurers	\$68,383

Other Compensation and Benefit Issues

Line of Duty

- Annual line of duty premium reflects a short-term decrease per potentially-eligible employee from \$522 in FY 2014 to \$519 per eligible in FY 2015 and 2016 related to the front-loading of a repayment of a the loan from the group life insurance program
 - HB 30 includes savings \$17,072 GF each year as a result
 - The actual premium directly related to the cost of the line of duty benefit is proposed to increase 12% in FY 2015 and 10% in FY 2016

Workers Compensation Premiums

- HB 30 includes \$1.4 million GF the first year and \$1.8 million the second year for increases in worker compensation premiums

Funding to Support Analysis of Compensation Issues

- Includes \$800,000 GF in FY 2016, in central appropriations, for JLARC to update their “Review of State Employee Total Compensation” that was completed in 2008.
- Includes \$225,000 GF in FY 2015 and \$175,000 GF in FY 2016 for the Department of Human Resource Management to develop an online employee exit survey and to purchase enhanced analytical software

Contingent Bonus

- HB 29 and HB 30 include language authorizing a contingent bonus for state employees in FY 2015
 - Bonus to be paid on December 1, 2014
 - Limited to employees working on April 1, 2014, and who continue employment until at least November 24, 2014
 - Language provides for 2% bonus for most employees and additional 1% bonus for employees with evaluations higher than contributor
 - Estimated cost of base 2% bonus is \$53.9 million GF, with the estimated cost of the additional 1% bonus being \$3.5 million GF
 - Bonuses are contingent on June 30, 2014 discretionary general fund balances of at least two times the cost of the proposed bonuses

GENERAL GOVERNMENT

Major General Government Actions

- HB 30 includes \$243.2 million in FY 2015 and \$59.9 million in FY 2016 for the required deposits into the Rainy Day Fund
- HB 30 includes \$11.0 million in FY 2015, under central appropriations, to support the planning, design, and construction of the Pavilion at Lumpkin's Jail, improvements to the Richmond Slave Trail, and planning and design of a slavery museum
 - The language earmarks \$5.0 million for the planning, design, and construction of the Pavilion at Lumpkin's Jail, \$1.0 million for improvements to the Richmond slave trail and \$5.0 million for the planning and design of a slavery museum
 - Any state expenditures are contingent on the city of Richmond dedicating contiguous property for the project and appropriating \$5.0 million in local matching funds
 - Language designates the Department of General Services as the fiscal agent for the \$11.0 million
- HB 30 includes \$2.7 million GF in additional funding for the criminal fund in both FY 2015 and FY 2016
 - HB 29 includes an additional \$1.0 million for the criminal fund in FY 2014

Agency Budget Reduction Plans

- HB 30 includes, in central appropriations, a savings of \$3.4 million GF in FY 2015 and \$3.7 million in FY 2016 from the implementation of savings strategies across 23 different executive branch agencies
- HB 29 includes \$3.8 million in savings from the implementation of savings strategies across 22 different executive branch agencies

Budget Reductions By Area

	FY 2014	FY 2015	FY 2016
Administration	\$174,433	\$334,616	\$334,616
Agriculture and Forestry	\$322,000	\$302,000	\$302,000
Commerce and Trade	\$1,161,773	\$1,077,286	\$1,077,286
Other Education	\$110,712	\$147,141	\$147,141
DOE Central Office	\$191,095	\$0	\$0
SCHEV	\$87,665	\$0	\$0
Finance	\$328,954	\$85,000	\$175,000
Health & Human Resources	\$275,893	\$824,642	\$993,592
Natural Resources	\$257,304	\$526,548	\$526,548
Public Safety	\$740,912	\$29,916	\$47,916
Technology	<u>\$137,037</u>	<u>\$95,650</u>	<u>\$95,650</u>
Total	\$3,787,778	\$3,422,799	\$3,699,749

Judicial Branch Actions

- HB 30 does not include language which assumes reversion to the General Fund savings which accrue as a result of the language which freezes judgeships as they become vacant
 - A reversion of \$3.9 million is assumed in FY 2014
- HB 30 includes the broad language freezing circuit court and district court judgeships as they become vacant. Language is included authorizing the General Assembly to fill 25 vacant or soon to be vacant judgeships
 - Authorizes the filling 13 circuit court judgeships, 8 general district judgeships and 4 juvenile and domestic relations judgeships
 - Would authorize the filling of all current circuit court and J&DR court vacancies
 - The language would not authorize the filling of all of the 12 current general district court vacancies
- Stand alone legislation, HB 606 (Miller), would effectuate the recommendations of the Judicial Weighted Caseload Study
- Includes \$50,000 GF in FY 2015 and \$240,000 GF in FY 2016 to reinstate the judicial evaluation project

Significant Actions – Administrative Secretariat

Department of Human Resource Management

- Includes \$2.7 million GF in both FY 2015 and FY 2016 to develop a new personnel management information system
 - The current mainframe system is over 30 years old
- Includes \$590,353 GF each year in direct GF appropriation for the “Shared Services Center” which provides human resource services to agencies who do not have in-house HR staff
 - Currently this center is funded through an internal service fund
 - Amendments capture \$168,750 GF in savings each year from agencies to reflect the end of the internal service fund
 - Amendments in HB 29 provide \$53,088 GF to agencies to fund reflect increased charges from the internal service fund in FY 2014

Department of General Services

- Proposes \$292,456 GF in FY 2015 and \$137,424 GF in FY 2016 to support upgrades for newborn screening and infectious disease reporting systems at the Division of Consolidated Laboratory Services

Tax Department Funding and Resource Actions

- HB 30 assumes \$10 million in additional revenues in both FY 2015 and 2016 from a proposal for the Tax Department to hire 10 additional audit staff
 - Budget includes \$740,262 GF in FY 2015 and \$880,720 GF in FY 2016 in administrative funding to hire the 10 additional audit staff
 - HB 29 includes \$232,626 GF to begin hiring the staff in FY 2014 and assumes \$747,531 in additional revenues in FY 2014 from the initiative
- HB 30 assumes additional revenues of \$500,000 in FY 2015 and \$1.5 million in FY 2016 from a proposal to provide field staff with computer tablets and mobile applications to improve the audit process
 - Budget includes \$406,180 GF in FY 2015 and \$880,720 GF in FY 2016 in administrative funding to purchase the equipment
- Assumes additional revenues of \$234,000 in FY 2015 and \$468,000 in FY 2016 from language amendment moving the deadline for employers to submit withholding records from February 28 to January 31
- Includes \$745,600 GF in FY 2015 and \$520,600 GF in FY 2016, and 4 FTE each year, for enhanced cyber security efforts

Other Significant Actions – Finance Secretariat

Department of Accounts

- Includes \$321,725 GF (3 FTE) in FY 2015 and \$534,009 GF (5 FTE) in FY 2016 for additional financial reporting and analysis staff
 - Additional staff are required as the new Cardinal financial system does not include some of the edits and checks included in the old system
- Includes \$190,883 GF (2 FTE) in FY 2015 and \$630,650 GF (6 FTE) in FY 2016 for implement and maintain a standard vendor database within the Cardinal system
 - This amendment is in addition to the \$845,805 GF and 4.0 FTEs that were approved in Chapter 806 to support the database

Department of Treasury

- Includes amendments across agencies which total \$643,442 GF each year and \$1.7 million NGF each year to reflect a 100% increase in the Automobile Insurance Liability Program administered by the Department of the Treasury

Department of Planning and Budget

- Proposes \$75,000 GF each year in additional funding for the Council for Virginia's Future for the development of interactive agency report cards and a measurement system for state economic competitiveness

Cardinal and Performance Budgeting Systems

Cardinal

- HB 30 includes adjustments across all of the agencies totaling \$0.6 million GF (\$17.0 million NGF) in FY 2015 and \$1.7 million GF (\$16.2 million NGF) in FY 2016 to reflect the cost that will be incurred by agencies as a result of the rates established for the internal service funds for the Cardinal
 - The bulk of the NGF, \$16.8 million in FY 2015 and \$13.5 million in FY 2016, is for VDOT
 - HB 30 then establishes an NGF appropriation of \$17.6 million in FY 2015 and \$18.0 million in FY 2016 within the Department of Accounts to reflect the revenue that will be realized from the internal service fund and the resulting expenditures

Performance Budgeting System

- HB 30 includes adjustments across all of the agencies totaling \$1.6 million GF and \$2.4 million NGF each year to reflect the cost that will be incurred by agencies as a result of the rates established for the internal service funds for the Performance Budgeting System
 - HB 30 then establishes an NGF appropriation of \$4.0 million in each year within the Department of Accounts to reflect the revenue that will be realized from the internal service fund and the resulting expenditures

COMMERCE AND TRADE

Economic Development Incentive Payments

\$136.6 million GF

Economic Development Incentives - \$ in millions		FY 2015	FY 2016
Performance Agreements			
	Aerospace Facility Incentive Grants	0.7	19.3
	Advanced Shipbuilding Training Facility Grant	8.0	7.6
	Virginia Investment Partnership (VIP) Grants	3.9	3.6
	Virginia Jobs Investment Program (VJIP)	5.7	5.7
	Semiconductor Manufacturing Grants (Micron)	5.4	3.8
	Major Eligible Employers Grants (VIP Subfund)	6.8	6.8
	VA Economic Development Incentive Grant (VEDIG)	4.5	5.9
Other Economic Development Incentives			
	Governor's Opportunity Fund	11.8	11.8
	Commonwealth Research Commercialization Fund	4.8	4.8
	Motion Picture Opportunity Fund	4.8	3.0
	Life Sciences Consortium	2.5	2.5
	Mega-site Planning Fund	0.0	2.0

HB 30: Commerce and Trade Agencies

- Spending for agencies in the Secretariat increase \$5.9 million GF in FY 2015 and \$2.0 million in FY 2016 (exclusive of incentives and transfers)
- Virginia Economic Development Partnership
 - Provides \$1.3 million GF the first year for the Commonwealth Center for Advanced Manufacturing (CCAM) of which \$1.0 million is to support workforce development staff at the Center and the remainder to match of public and private funds
 - Reflects the transfer of administration of the Virginia Jobs Investment Program from the former Department of Business Assistance, totaling \$564,166 GF each year
 - The accompanying grant funding is appropriated in the Incentive Payments Item
 - Transfers funding of \$195,000 GF each year for Center for Advanced Manufacturing in Shenandoah Valley from VEDP to the VCCS

HB 30: Commerce and Trade Agencies

- Virginia Tourism Authority
 - Provides an additional \$1.4 million GF each year to expand tourism marketing in the broadcast and online arenas
 - Eliminates \$75,000 each year provided for outdoor advertising pursuant to the agency's reduction plan
- Department of Mines, Minerals and Energy
 - Level funds offshore wind research and development at \$1.0 million GF each year to accelerate private development of wind energy projects.
 - Proposes \$250,000 GF the first year to conduct a study on the feasibility of offshore oil and gas development. The language requires a report by April 2015
 - Provides \$270,000 GF each year to replace federal grant funding for annual mine safety training to small mine operators

HB 30: Commerce and Trade Agencies

- Department of Housing and Community Development
 - Provides \$4.0 million GF each year to capitalize the Housing Trust Fund created and initially funded with revenues generated by mortgage servicing settlements in the FY 2012-14 biennium
 - Proposes a total of \$1.0 million GF each year to continue the rapid re-housing initiative begun in the FY 2012-14 biennium
 - Also provides \$585,413 GF the first year for the development of a data collection system, as well as \$91,782 the second year and 1 FTE, to better track Virginia's homeless population and the outcomes of homeless programs
 - Proposes increase of \$600,000 GF in the first year and \$300,000 GF in the second year for operation of the Heartwood Artisan Center in southwest Virginia. Includes language directing an annual report on self-sustainability. FY 2014 funding totaled \$250,000
 - Proposes \$500,000 GF in the first year for the Bristol Birthplace of Country Music Museum, scheduled to open in August 2014
 - Proposes \$250,000 GF each year for a new initiative to develop an entrepreneurial accelerator program to grow sustainable start-up businesses
 - Appropriates \$172.3 million NGF each year and 1.5 FTEs as pass through funding for federal Project-Based Section 8 Housing Assistance - DHCD would hire an outside vendor to manage the housing program

HB 30: Commerce and Trade Agencies

- Fort Monroe Authority
 - Creates a separate Item for the Fort Monroe Authority that previously had been funded through DHCD, acknowledging the Authority is not anticipated to become self-supporting in the near term
 - Operational funding for Fort Monroe totals \$6.7 million GF in FY 2015 and \$5.5 million in FY 2016. FY 2014 funding total \$5.8 million, including an additional \$700,000 proposed in HB 29
 - Companion amendment in Capital Outlay provides \$22.5 million in VPBA bonds for the Authority's capital maintenance needs to be administered through DGS
- Department of Small Business and Supplier Diversity
 - Reflects the new agency created pursuant to Chapter 482 of 2013 Acts of Assembly which merged Department of Minority Business Enterprise and the Department of Business Assistance
 - Appropriates \$5.9 million GF and \$2.4 million NGF each year and 63 FTE positions for the merged agency
 - Remaining funding and positions associated with the VJIP program were transferred to VEDP and the Economic Development Incentives Item
 - Net savings of \$69,379 GF each year by eliminating an agency head position

AGRICULTURE AND FORESTRY

HB 30: Secretariat Agriculture and Forestry

- Secretariat Includes a net increase of \$4.7 million GF in the first year and \$5.4 million GF in the second year, representing increases of 10.1% and 11.4% respectively
 - Numerous amendments providing small incremental increases to variety of programs

VDACS

- Includes an additional \$250,000 GF for grants from the Governor's Agriculture and Forestry Industries Development Fund to support localities in attracting and expanding agricultural and forestry facilities
- Provides an additional \$262,409 the first year and \$270,047 the second year and 3 FTE positions to increase the number of food safety inspectors
- Proposes \$267,768 the first year and \$220,038 the second year and 3 FTE positions to increase the frequency of inspection of weights and measures devices, continuing an on-going effort to reduce the time between inspections
- Provides \$531,325 GF the first year and \$379,736 the second year and one FTE position for computer server upgrades and procurement of disaster recovery services

HB 30: Secretariat Agriculture and Forestry

VDACS (continued)

- Provides \$203,774 GF the second year to support Virginia's livestock and poultry industries by obtaining national accreditation of the agency's animal health laboratories
- Proposes an increase of \$1.2 million NGF each year and 15 FTE positions to grade and inspect Virginia's agricultural exports
 - Amounts are supported by fees paid by producers. The fees are not increasing, but the appropriation reflects an increase in revenues generated as exports have grown
 - A companion amendment in Central Appropriations generates savings of \$132,000 GF each year by removing GF support for this function
- Central Appropriations reflects a reduction of \$132,000 GF each year and 2 FTE positions from elimination of unfilled positions at Charitable Gaming pursuant to the agency's reduction plan

HB 30: Secretariat Agriculture and Forestry

Forestry

- Proposes to fully fund the state's matching share of the Reforestation of Timberlands program by the end of the biennium, providing an additional \$485,782 GF the first year and \$999,500 the second year
- Provides \$500,000 each year to purchase \$4.4 million of additional fire protection equipment through the MELP program
 - A companion amendment in Capital Outlay maintenance reserve provides funding to build 24 garages to store the firefighting equipment

TRANSPORTATION

HB 29: Transportation

- Authorizes the use of \$31.1 million remaining from a 2008 GF appropriation to the Transportation Partnership Opportunity Fund for additional grants or loans from that Fund
 - Original \$500.0 million was designated for specific projects and the remaining amounts were not required to complete those projects
- Includes language in the Department of Motor Vehicles clarifying that the additional regional sales tax on fuels does not apply to aviation fuel, mirroring the treatment of aviation fuel use for other taxing purposes
 - Identical language is included in HB 30 as well

HB 30: VDOT and DRPT

VDOT

- Includes net adjustments of \$697.5 million NGF in FY 2015 and \$1,046.4 million in FY 2016 to reflect the December revisions to the Commonwealth Transportation Fund forecast as well as adjustments included in the FY 2014-2019 Six Year Program adopted by the Commonwealth Transportation Board last June, and the carry-forward of prior year bond proceeds
 - Revised CTF forecast assumes growth of 13.1% in FY 2014, 9.5% in FY 2015 and 5.8% in FY 2016 inclusive of the additional revenues generated by HB 2313
 - Major adjustments in the Six Year Program reflected the issuance of CPR and GARVEE bonds, reduced FRAN debt service and revisions to assumed federal revenues
 - Forecast revisions reflect reductions in the forecast for sales and motor fuel taxes offset in part by increases in titling taxes

DRPT

- Includes net adjustments of \$131.1 million NGF in FY 2015 and \$144.2 million in FY 2016 to reflect the December revisions to the official revenue estimate, which includes both forecast adjustments and revenues resulting from HB 2313 of the 2013 Session of the General Assembly

HB 30: Secretary and VCSFA

- Proposes 3 changes to language within the Secretary of Transportation relating to the use of federal highway funds
 - Removes language explicitly funding the Virginia Railway Express track lease payments from the transit share of the federal STP program
 - Adds language regarding the use of federal bridge funding specifying that both the federal funds and required state matching funds be allocated to projects across the state, meaning that match does not have to come from a particular jurisdiction's system funding
 - Adds language authorizing the use of National Highway Performance Program and Surface Transportation Program funds for Interstate projects and states that such funds would be treated as Interstate funds for state matching purposes
- Establishes the Virginia Commercial Space Flight Authority as a stand-alone agency and increases operational support for the Authority
 - Base funding of \$11.8 million NGF is supplemented by an additional \$4.0 million NGF each year to offset lower than anticipated launch revenues

HB 30: VPA

- Proposes \$6.5 million GF the second year for costs associated with dredging of Norfolk Harbor to 55 feet and the Elizabeth River channel to 45 feet to help prepare for the post-Panamax shipping environment
- Proposes \$1.5 million GF the first year and \$2.0 million GF the second year to support the Port of Virginia Economic and Infrastructure Development Zone Grant Fund
 - \$1.0 million was included in Chapter 806 for this Fund in FY 2014
- Adjusts the NGF appropriations for APM Terminal rent by \$6.2 million NGF in the first year and \$9.5 million NGF in the second year. Also increases the operational maintenance budget by \$750,000 NGF each year for enhanced cargo handling costs at APM
 - Lease agreement sets the rates in part based on container volumes, which have been increasing
- Provides an increase of \$75,000 NGF the first year and \$200,000 NGF the second year for payments in lieu of taxes to the Port host cities
 - Brings total payments to \$2.2 million NGF in FY 2015 and \$2.3 million in FY 2016, an increase of 5%

HB 30: VPA

- Increases NGF appropriation by \$11.7 million in FY 2015 and \$10.0 million in FY 2016 to reflect increased debt service requirements on existing bond issues
- The VPA's budget includes 3 major capital outlay projects in Part 2 of the budget:
 - Authorizes \$60.0 million NGF in FY 2016 to fund the acquisition of initial right of way and land to develop the Craney Island Road and Rail Connector, which would provide direct Interstate quality access to and from the proposed terminal as well as a double track rail lead connecting to the 164 Median Rail line
 - Authorizes \$37.0 million NGF in FY 2015 to purchase additional gantry cranes and translifters to address increased volumes at APM Terminal. The equipment would be purchased through the MELP program and be paid from the terminal revenues
 - Requests \$30.0 million NGF in FY 2015 to fund the removal of the former Exxon rail yard to allow for the northward expansion of NIT's container yard by 11 acres to accommodate anticipated future growth

PUBLIC SAFETY

Sheriffs and Jails

- Proposes \$6.6 million GF in FY 2015 and \$11.1 million GF in FY 2016 for the following:
 - \$4.5 million GF in FY 2015 and \$7.8 million GF in FY 2016 for the staffing costs for operating the new Rappahannock-Shenandoah-Warren (RSW) regional jail and the expanded Southwest Virginia Regional Jail
 - \$1.5 million in FY 2015 and \$1.7 million GF in FY 2016 to provide 48 additional temporary jail deputy positions for local and regional jails with overcrowding rates that exceed 100 percent of operational capacity
 - \$928,203 GF in FY 2015 and \$2.1 million GF in FY 2016 to provide 29 additional law enforcement deputies in FY 2015 and an additional 33 law enforcement deputies the following year
 - Excludes proposed compensation adjustments
- Includes \$4.5 million GF in FY 2014 for jail per diems (HB 29)

Public Safety

Secretary of Public Safety

- Adds \$155,777 GF each year for second deputy secretary
- Includes language requiring Secretary to continue working with other secretariats to develop services to enhance offender reentry

ABC Proposals

- Proposes \$20.6 million NGF in FY 2015 and \$43.0 million NGF in FY 2016 to open new stores and for the purchase of spirits and other products for resale
 - ABC Profits are estimated to total \$70.8 million in FY 2015 and \$71.0 million in FY 2016 or about \$2.0 million more than in the current Appropriation Act
- Adds \$2.3 million NGF in FY 2015 and \$3.0 million in FY 2016 to upgrade the agency's financial, licensure, and case management systems

DCJS Proposals

- Adds \$7.1 million GF in FY 2015 and \$14.2 million GF in FY 2016 for HB 599 aid to localities with police departments
- Includes \$750,000 GF in each year to provide additional funding for school resource and school security officers
- Proposes \$500,000 GF each year to provide additional funding for victim/witness programs
- Adds \$100,000 GF each year to increase funding for the Court Appointed Special Advocate (CASA) program

Public Safety

Department of Emergency Management Proposals

- Adds \$99,762 GF in FY 2015 and \$133,015 GF in FY 2016 to establish a sheltering coordinator position
 - Language requires coordinator to improve evacuation planning regardless whether the facility is a local or state shelter, and to report to the General Assembly and others
- Includes \$178,162 GF in FY 2015 and \$213,794 GF in FY 2016 to support previously federally funded Citizen Corps activities
- Provides \$100,000 GF in FY 2015 to repay the line of credit for the Disaster Response Fund

Department of Forensic Science Proposals

- Provides \$242,390 GF in FY 2015 and \$323,186 GF in FY 2016 to fill 4 vacant scientist positions
 - Impacts controlled substances (2), forensic biology (1), and toxicology (1)

State Police Proposals

- Adds \$1.7 million GF each year to purchase replacement vehicles and increase the agency's gasoline budget
- Adds \$1.6 million NGF to purchase a new fixed wing aircraft using asset forfeiture
- Includes \$137,239 GF in FY 2015 and \$182,982 GF in FY 2016 and 3 positions to address the policy changes from the automatic restoration of civil rights for non-violent felons
- Adds \$1.3 million in FY 2014 to provide funding for legislatively approved salary increases (HB 29)

Juvenile Justice

- Includes net savings of \$13.2 million GF in FY 2015 and \$12.9 million GF in FY 2016

Spending

- \$2.9 million GF each year to create a 40-bed community placement program in detention homes for JCC offenders
- \$1.9 million GF each year to initiate continuity of mental health services for released offenders and to create a 50-bed short-term housing program for released 18-year old or older juveniles
- \$3.9 million GF in FY 2016 for 72 Correctional Officers to meet federal standards
- \$851,984 GF each year and 14 positions to add to DJJ's 31 housing unit managers

Savings

- \$3.9 million GF in FY 2015 and \$4.2 million in FY 2016 from annualizing the savings from repurposing Hanover JCC as a public safety training facility
- \$13.1 million GF in FY 2015 and \$16.8 million GF in FY 2016 from closing the Culpeper JCC
 - Culpeper will be repurposed as a DOC women's correctional center
- \$1.6 million each year from eliminating under-used halfway houses
 - Contained 20 beds each, but only 6 juveniles were housed in them
- \$4.5 million GF each year from an unused juvenile correctional officer retention plan, elimination of five vacant positions, and eliminating funding earmarked for completed JCC generator projects

Corrections

- Includes \$12.4 million GF in FY 2015 and \$12.7 million GF in FY 2016 and 191 positions to operate the former Culpeper JCC as a correctional center for women
 - Savings associated with closing DJJ's Culpeper JCC exceed DOC cost of operating facility as women's correctional center
- Adds \$5.6 million GF each year to annualize the operating costs of the River North Correctional Center
 - Includes \$723,819 in FY 2014 for legislatively approved salary increases (HB 29)
- Provides \$3.9 million NGF in FY 2015 and \$3.3 million NGF in FY 2016 for the development of electronic health records for inmates
 - Revenue is derived from balances and revenue from housing out-of-state inmates
- Adds \$1.5 million GF each year to restore funding for the bed space impacts of criminal sentencing legislation adopted during 2013 Session
- Adds \$1.0 million in FY 2015 and \$1.5 million in FY 2016 and 30 positions for additional correctional officers to address understaffed security posts
- Proposes \$365,733 in FY 2015 and \$572,445 in FY 2016 and 9 positions for additional probation officers to supervise sex offenders
- Adds \$533,517 GF each year to provide emergency housing for offenders released to probation (i.e., sex offenders) for which housing is difficult to obtain

Corrections

- Includes \$889,133 in FY 2015 for the “Woodrum” impacts of proposed criminal sentencing legislation
- Provides \$331,660 GF in FY 2015 and \$482,773 GF in FY 2016 to add 14 part-time instructors, additional costs for GED tests, upgrade computers to accommodate computerized GED tests
- Includes \$288,703 GF in FY 2015 and \$389,934 GF in FY 2016 and 5 positions to operate the new wastewater treatment plant at Augusta Correctional Center, which will open early in 2015
 - The plant had previously been operated by the Town of Craigsville; now the plant will be operated directly by DOC
- Saves \$251,925 GF each year and 5 positions from efficiencies gained from the deployment of an automated time computation system for offenders
- Language is included directing DOC to rebid the private operation of Lawrenceville Correctional Center
- Adds \$537,660 GF in FY 2015 and \$586,538 GF in FY 2016 to account for the state’s larger share of the Residential Substance Abuse Treatment grant
 - Includes \$342,147 in FY 2014 to account for state’s share of Residential Substance Abuse Treatment grant (HB 29)

Parole Board

- Includes language directing Parole Board to conduct annual reviews of those offenders eligible for geriatric conditional release

Veterans Affairs and Homeland Security

Secretary of Veterans Affairs and Homeland Security

- Includes \$7.5 million to address encroachment on Naval Air Station Oceana and Fentris Naval Air Landing Field in Chesapeake
 - \$4.4 million provided from the Fact Fund and \$3.1 million from property sales proceeds
 - Oceana is provided \$5 million and Chesapeake is provided \$2.5 million
- Includes \$249,058 GF in FY 2014 to restore the Military Strategic Response Fund, which will ease transportation issues around Fort Lee (HB 29)

Department of Veterans Services

- Adds \$191,833 GF in FY 2015 and \$108,500 in FY 2016 to provide assistant curator, facility manager and grounds maintenance for the War Memorial
- Includes \$164,640 GF in FY 2015 and \$149,640 in FY 2016 to open a new benefits field office in Fredericksburg, convert administrators to claims agents, provide mobile broadband support for claims officers, and replace Tidewater Regional Office's telephone system
- Provides \$150,000 GF each year to supplant the federal funds for the Post-Transition Assistance Program that assists veterans obtain civilian careers after military service
 - Provides general fund support for a federal grant expiring in 2014
- Adds \$141,565 GF in FY 2015 and \$116,272 GF in FY 2016 to equip all claims offices with remote connectivity to VITA networks
- Provides \$372,835 GF in FY 2015 and \$383,462 GF in FY 2016 and \$378,300 NGF each year to increase service delivery for the Wounded Warrior program and recognize additional donations

NATURAL RESOURCES

Natural Resources

WQIF Deposit

- Proposes \$31.5 million GF in 2015 from the year-end general fund surplus to the WQIF to address nonpoint source pollution, including:
 - \$18.2 million for DCR to implement Ag BMPs
 - \$1.6 million for SWCD technical assistance
 - \$1.2 million for Virginia's federal CREP match, forestry operation water quality grants, and to develop nutrient management planning for golf courses
 - \$6.6 million for DEQ's stormwater and other nonpoint source water quality projects
- Allocates \$4.0 million for WQIF Reserve Fund as required by budget language

DCR Proposals

- \$1.0 million GF each year for VLCF
- \$225,000 GF and \$150,000 NGF each year to hire 4 engineers to support implementing structural SWCD projects (i.e., fencing, animal waste)
- Includes \$75,000 in FY 2014 to employ a grants management expert or team to conduct an audit and make recommendations about how to improve compiling and maintaining federal fund accounting (HB 29)
 - Federal government has requested repayment of \$750,000 in grants

DEQ

- Includes \$401,036 GF in FY 2015 and \$462,494 GF in FY 2016 to increase the management of groundwater resources in the Coastal Plain

Natural Resources

DGIF Proposals

- Increases general fund transfers to Game Protection Fund by \$4.6 million each year
 - \$2.4 million each year reflects additional HB 38 sales of hunting and fishing gear
 - \$2.2 million each year reflects additional watercraft sales and use taxes
 - Similar action taken in HB 29
- Adds \$3.2 million each year to reflect federal revenue collections
- Adds \$1.3 million NGF each year to support legislatively authorized salary increases
- Eliminates \$1.7 million NGF each year for new Headquarters soft costs to reflect cancellation of construction contract due to concerns about contractor

DHR Proposals

- Adds \$113,734 GF each year to continue the Historic Highway Marker program
 - Program had previously been supported by federal highway funding; this source is no longer available to the agency

Marine Resources Proposals

- Provides \$255,200 GF each year to fill 4 vacant marine police positions to address poaching in Virginia's oyster sanctuaries
- Saves \$73,000 GF in FY 2015 and \$90,000 GF in FY 2016 based on actual needs for Tangier Island Seawall Project

TECHNOLOGY

Technology

Innovation and Entrepreneurship Investment Authority (IEIA) Proposals

- Adds \$500,000 GF each year to last year's new cyber-security initiative to identify ways to bring cyber security related jobs and industries to Virginia
- Provides additional \$500,000 GF each year for CIT's Growth Accelerator Program (GAP Funds)
- Adds \$250,000 GF each year to last year's new modeling and simulation activities initiative, including expanding the initiative into health care, advanced manufacturing, and drones

VITA Proposals

- Establishes a \$306.7 million annual NGF internal service fund appropriation instead of a sum sufficient appropriations for vendor payments, optional state agency services, and administrative overhead
 - Includes a technical amendment for \$35.1 million NGF each year to reflect the current costs for state agency IT and telecommunications services
- Adds \$3.4 million NGF in FY 2015 and \$18.2 million NGF in FY 2016 to reflect growth in the IT and telecommunications services provided to state agencies
- Provides \$600,000 NGF in FY 2015 and \$1.6 million NGF in FY 2016 to develop strategies to prepare for the expiration of the Northrop Grumman contract
- Adds \$1.7 million NGF in FY 2015 and \$721,624 NGF in FY 2016 to implement a new telecommunications billing management system
- Adds \$4.0 million NGF in FY 2015 and \$3.5 million NGF in FY 2016 for application development for web portal services VITA provides other agencies
- Includes \$1.2 million NGF in FY 2015 and \$4.4 million NGF in FY 2016 for the wireless E-911 program for local grants, operating costs, and system improvements